



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 10/14/2008

GAIN Report Number: TH8160

Thailand

Grain and Feed

Weekly Rice Price Update

2008

Approved by:

Gary Meyer, Agricultural Counselor
U.S. Embassy

Prepared by:

Ponnarong Prasertsri, Agricultural Specialist, Maysa Kunasirirat, Agricultural Assistant

Report Highlights:

Despite reports of upcoming shipments to Iran, domestic and export prices continued their decline as traders anticipate an announcement of a government stock release as early as within this week. Despite the impending stock release, exporters expect foreign demand to be quiet as several importing countries were able to build up rice stocks with Vietnamese rice. Additionally intervention prices are expected to be reduced as the government is now attempting to discourage large quantities of paddy from entering the new intervention program.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Bangkok [TH1]
[TH]

Indicative Prices (Week Ending Oct. 13):

Thailand: Export (FOB) Prices for various grades of rice (USD/M.T.)									
	Exporter Observations							Period Avg.	
	#1	#2	#3	#4	#5	#6	#7	CUR.	PRV.
F WR 100 B	810	-	-	-	825	770	-	802	812
WR 100 B	650	-	660	650	640	620	650	645	676
PB 5%	-	-	635	-	640	610	630	629	668
WR 5%	590	-	640	630	620	590	620	615	657
WR 10%	-	-	-	-	-	583	-	583	633
WR 15%	-	-	-	-	-	560	-	560	620
WR 25%	-	-	-	-	-	490	-	490	520
WR 35%	-	-	-	-	-	-	-	-	-
A 1 SUP	325	-	-	-	350	355	380	353	385
A 1 SPEC	-	-	-	-	-	-	-	-	-
Source: Average actual prices received from exporters, Exchange rate: 34.0 baht/U.S.\$									

Market Tone

Despite reports that as much as 90,000 tons of premium white rice will be shipped to Iran over the next few weeks, domestic and export prices continued their decline as traders anticipate an announcement of a government stock release as early as within this week. Intervention prices are expected to be reduced to 12,000 baht/ton (\$353/MT) for premium white rice paddy, as compared to previously set prices of 14,000 baht/ton (\$412/MT). The reduction in the intervention prices reflects the current declining trend in world market prices and the government's effort to discourage large quantities of paddy from entering the new intervention program. The revision will be finalized in the National Rice Policy Committee meeting on October 15. However, current farm gate prices have declined to 8,500 – 9,500 baht/tons (\$250-\$280/MT) in response to the likelihood of the revision.

An intervention stock release will also be proposed in the National Rice Policy Committee meeting. As of October 12, the MY 2007/08 second-crop intervention program absorbed 4.15 million tons of paddy, all of which is white rice paddy. By the end of the program on October 31, the program will have reportedly absorbed 4.16 million tons (2.7 million tons milled equivalent) valued at 54 billion baht (\$1.6 billion). Total intervention stocks will increase to 4.8 million tons, of which 2.1 million tons are old crops. Of total intervention stocks, approximately 3.8 million tons are white rice, and 1.0 million tons are fragrant rice. However, exporters will be less aggressive in their bidding offers as they expect foreign demand to be quiet as several importing countries were able to build up rice stocks with Vietnamese rice. Some exporters are worried export prices for premium white rice may fall below \$500/MT, FOB by the end of the year due to concern over competition from Vietnam and India. Presently, Thai white rice prices are \$150-\$200/MT higher than Vietnamese rice. Additionally, the Indian government has begun relaxing its non-basmati rice export ban to some African countries, which will likely maintain downward pressure on Thai rice prices.

The following are the reported rice exports (as is basis):

WEEK ENDING	QUANTITY	4-WK AVG	YEAR TO DATE	YEAR AGO	YEAR TO DATE AS % OF LAST YEAR
	(MT)	(MT)	(TMT)	(TMT)	%
Aug 17	125,268	132,888	5,553	3,254	70.6
Aug 24	155,649	126,108	5,708	3,355	70.2
Aug 31	154,550	139,373	5,863	3,442	70.4
Sep 7	131,622	141,772	5,995	3,573	67.7
Sep 14	129,898	142,930	6,124	3,717	65.0
Sep 21	125,818	135,472	6,250	3,866	61.7
Sep 28	133,622	130,240	6,384	4,060	57.3
Oct 5	88,544	119,470	6,472	4,238	52.7
Oct 12	96,178	111,040	6,569	4,411	48.9

Note on data: Export figures since March 22, 2002, do not include fragrant rice. The authority to report fragrant rice exports was moved from the Thai Board of Trade to the Ministry of Commerce's Office of Commodity Standards, which does not release official fragrant rice export data. FAS/BKK will report only official export numbers from the Board of Trade for non-fragrant and from the Office of Commodity Standards for fragrant rice when available, but the reader should bear in mind the difference between the data.

Unofficial exports (excluding fragrant rice) for Oct. 6-12, 2008 totaled 96,178 up 7,634 the previous week, and down 14,863 from the four-week moving average of 111,040 tons. Exports during Jan. 1 – Oct. 12, 2008 totaled 6,568,575 tons, as compared with 4,411,912 tons in the previous year.

According to the Department of Foreign Trade, Ministry of Commerce, total rice exports (including fragrant rice) during Jan. 1 – Oct. 7, 2008, amounted to 8,525,169 tons, up 32.65 percent from 6,426,856 tons in the previous year.

Weekly Rice Sales

Private registered rice export sales for the period of Sep. 22-26, Sep. 29-Oct. 3, and Oct. 6-10, 2008 are as follows:

Movement (MT)	Sep. 22-26	Sep. 29-Oct. 3	Oct. 6-10
Weekly sales	112,431	92,659	106,202
4 week sum	396,997	454,084	455,673
4 week mov. avg.	99,249	113,521	113,918
Total weekly sales	5,800,201	5,892,860	5,999,062

End of Report.